

# **EXHIBIT 21**

1  
2 UNITED STATES BANKRUPTCY COURT  
3 SOUTHERN DISTRICT OF NEW YORK

-----x

4 In re

Case No.

01-16034

5 ENRON CORP., et al,

\*SEE BELOW

6 Debtors.

7 -----x

8 October 20, 2005

10:05 a.m.

9 United States Custom House

One Bowling Green

10 New York, New York 10004

11 DIGITALLY RECORDED PROCEEDINGS

(Proceedings - Entire Day)

12 10:01 01-16034 ENRON CORP., ET AL

13 Debtors' objection to certain proofs of claim  
14 filed in connection with the Brazos Financing  
Structure.

15 10:10 01-16034 ENRON CORP., ET AL

16 Motion by Debtors Portland General Holdings,  
17 Inc. and Portland Transition Company, Inc.  
exhibit chapter 11 cases.

18 10:20 01-16034 ENRON CORP., ET AL

19 Debtors' sixth omnibus motion to deem  
schedules amended to modify certain scheduled  
claims.

20 B E F O R E:

21 THE HONORABLE ARTHUR J. GONZALEZ

22 United States Bankruptcy Judge

23 DEBORAH HUNTSMAN, Court Reporter

198 Broadway, Suite 903

24 New York, New York 10038

25 (212) 608-9053 (917) 723-9898

1 Proceedings

2 form of Order.

3 JUDGE GONZALEZ: Does anyone else  
4 wish to be heard?

5 (Whereupon, no response was heard.)

6 JUDGE GONZALEZ: No further comment  
7 being heard, based upon the pleadings as  
8 filed and the representations made on the  
9 record, I will grant the relief requested.  
10 You may hand up the Order.

11 MS. MAYER: Thank you, Your Honor.

12 JUDGE GONZALEZ: The next matter we  
13 have listed is a scheduling conference re  
14 Objection to Notice of Presentment of Order  
15 Approving Amended Schedule S to Plan  
16 Supplement.

17 MS. MAYER: Yes, Your Honor.  
18 Sylvia Mayer, again, on behalf of the  
19 Reorganized Debtors.

20 Your Honor, the Reorganized Debtors  
21 filed an amended version of Schedule S under  
22 Notice of Presentment, and an Objection was  
23 filed by Baupost/Abrams.

24 Under the confirmed Plan, subject  
25 to the ultimate allowance of the claims,

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2     certain claims are entitled to the benefit of  
3     contractual subordination provisions in four  
4     pre-petition indentures. Exhibit L to the  
5     Plan identified the four pre-petition  
6     indentures and set forth the relevant  
7     provisions in each of the indentures that  
8     define the Senior Indebtedness for purposes  
9     of benefiting from the contractual  
10    subordination provisions.

11                 The four indentures are the 1987  
12    Indenture, the TOPRS Indentures, and two  
13    indentures referred to as the "MIPS,"  
14    M-I-P-S. Schedule S to the Plan Supplement  
15    set forth generally the types of claims  
16    benefiting from contractual subordination and  
17    contained a reservation by the Debtors for  
18    the right to amend or modify the schedule.

19                 On July 29th, the Reorganized  
20    Debtors filed their Amended Schedule S,  
21    setting forth in greater detail the claims  
22    benefiting from contractual subordination, as  
23    well as adding and removing certain claims  
24    from the list.

25                 One Objection was filed to the

1                   Proceedings

2       Amended Schedule S by Baupost/Abrams. They  
3       filed the sole Objection.

4                   In summary, their Objection seeks  
5       to remove from Schedule S with respect to the  
6       1987 Indenture Letter of Credit Claims and  
7       certain claims that they refer to as  
8       "Intercompany Claims," with respect to the  
9       TOPRS Indentures, Letter of Credit Claims and  
10      certain claims that they deem to be  
11      Intercompany Claims, and with respect to the  
12      two MIPS Indentures, there are certain claims  
13      that Baupost/Abrams deems to be Intercompany  
14      Claims.

15                  Several Creditors with interest in  
16      the letter of credit or Intercompany Claims  
17      have responded to Baupost's Objection and  
18      assert positions contrary to Baupost's  
19      interpretation of these provisions.

20                  From the Reorganized Debtors'  
21      perspective, this is really an intercreditor  
22      dispute. The same amount of money will go  
23      out of the estate. It doesn't impact on the  
24      funds that are available for distribution.  
25      It simply impacts on whom we make the

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2     distributions to with respect to the  
3     contractual subordination provisions.

4                   Depending on the outcome of the  
5     issues, some of the issues that are raised by  
6     Baupost may affect claims that were not  
7     identified by Baupost in their Objection. So  
8     the Reorganized Debtors have reserved their  
9     rights to further modify Schedule S,  
10    depending upon the Court's ruling, but  
11    otherwise the Reorganized Debtors are  
12    effectively neutral as to these issues that  
13    are essentially an intercreditor dispute.

14                  JUDGE GONZALEZ: All right. Thank  
15    you.

16                  I assume I will then hear first  
17    from Baupost?

18                  MR. WINSTON: Good morning, Your  
19    Honor. Eric Winston of Stutman Treister &  
20    Glaett on behalf of the Baupost Group and  
21    Abrams Capital, holders of a substantial  
22    number of Enron unsecured claims.

23                  As Ms. Mayer pointed out, we were  
24    the only Objectors to Schedule S. Our  
25    objection focused on --

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2     capable of more than one interpretation.

3                   If Your Honor doesn't have any  
4     further questions, let me go on to the TOPRS  
5     Indentures. For purposes of Intercompany  
6     Claims, the definition of "Senior  
7     Indebtedness" in the TOPRS Indentures turns  
8     on two principles. The first is the  
9     indebtedness has to be evidenced by notes,  
10    bonds, debentures, or other securities. This  
11    definition is actually certainly different  
12    than the definitions used in 1987 Indenture  
13    or the two Loan Agreements and it is  
14    certainly, at least in Baupost/Abrams' view,  
15    more limiting, because it requires evidence  
16    of a Note/Bond Debenture and it has "or other  
17    security." The 1987 Indenture uses "other  
18    instruments" and, of course, the Loan  
19    Agreements don't have anything like that.

20                  Then the other key aspect, and  
21    which is why we think the Enron Finance  
22    Claims and the Cherokee Claims have to come  
23    off the list, is the indebtedness has to be  
24    sold by Enron. This is somewhat of a curious  
25    definition. I don't know if I have ever seen

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2     it in any other indenture. It is certainly  
3     not in the 1987 Indenture, but it is the  
4     language that is used in the TOPRS  
5     Indentures.

6                   None of the Intercompany Claims for  
7     which we have objected that are remaining --  
8     the Enron Finance Claims and the Cherokee  
9     Claims -- are ones that were sold by Enron.  
10    Contrast that to the claims of Enron Equity  
11    Corporation. We had initially objected to  
12    it, but after it was demonstrated to Baupost  
13    and Abrams that these particular claims were,  
14    in fact, sold by Enron, there was a warrant  
15    to purchase these notes that was held by  
16    Enron Equity Corporation. That is nothing  
17    like that with respect to the Enron Finance  
18    Claims or the Cherokee Claims. This  
19    language, we submit, is unambiguous and no  
20    other party with respect to the Intercompany  
21    Claims has disputed the terms as ambiguous  
22    with respect to what is meant by "sold by."

23                  I have one other point to add, by  
24    using the terms "notes, bonds, debentures, or  
25    other securities sold by Enron," it suggests